

## 2. GENERAL INFORMATION

- A. **WHO MUST FILE A RETURN.** This Form of List (State Tax Form 2) must be filed each year by all individuals, partnerships, associations, trusts, corporations, limited liability companies and other legal entities that own or hold taxable personal property on January 1 unless required to file another local or central valuation personal property return as follows. Pipeline and telephone and telegraph companies that own taxable personal property subject to central valuation under G.L. c. 59, §§ 38A or 41 must file a personal property return with the Massachusetts Department of Revenue listing such property. Any other taxable personal property owned by such pipeline or telephone and telegraph companies must be reported on this return. Taxable personal property of mobile wireless telecommunications companies must be reported on State Tax Form 2MT. Individuals who own or hold household furnishings and effects not situated at their domicile on January 1 must file State Tax Form 2HF. Business or other taxable personal property owned by individuals must be reported on this return. Literary, temperance, benevolent, charitable or scientific organizations that may be exempt under G.L. c. 59, § 5 Clause 3 must file State Tax Form 3ABC listing all property they own or hold for those purposes on January 1.
- B. **WHEN AND WHERE RETURN MUST BE FILED.** This return must be filed by March 1 with the board of assessors in the city or town where the personal property is situated on January 1. If the property has no situs on January 1, it must be listed on a return filed with the assessors in the city or town where you are domiciled (legal residence or place of business). A return is not considered filed unless it is complete.
- C. **FILING EXTENSION.** The board of assessors may extend the filing deadline if you make a written request and show sufficient reason for not filing on time. The latest the filing deadline can be extended is the last day for applying for abatement of the tax for the fiscal year to which the filing relates.
- D. **AUDITS.** The board of assessors may audit your books, papers, records and other data in order to determine whether you have accurately reported all taxable personal property. Any audit will be conducted within 3 years of the date your return is due or filed, whichever is later. The assessors may assess taxes on unreported or inaccurately reported taxable personal property discovered by the audit within 3 years and 6 months of the date your return is due or filed, whichever is later.
- E. **PENALTY FOR NOT FILING, FILING LATE OR NOT COMPLYING WITH AUDIT.** If you do not file a return for the fiscal year and comply with audit requests for books, papers, records and other data, the assessors cannot abate for overvaluation of the personal property for that year. If your return is not filed, or you do not comply with audit requests, on time, the assessors can only abate if you show a reasonable excuse for the late filing or the tax assessed is more than 150% of the amount that would have been assessed if the return had been timely and properly filed. In that case, only the amount over that percentage can be abated.
- F. **USE OF AND ACCESS TO RETURN AND RECORDS.** The information in the return is used by the board of assessors to determine the taxable or exempt status of your personal property and, if taxable, its fair market value. You may also be required to provide the assessors with further information about the property in writing and asked to permit them to inspect it. **Personal property information listed in Schedules A-I, or obtained during an audit, is not available to the public for inspection under the state public records law. It is available only to the assessors and Massachusetts Department of Revenue for purpose of administering the tax laws.**

## 3. TAXABLE PERSONAL PROPERTY

In general, all tangible personal property situated in Massachusetts and all tangible personal property owned by Massachusetts domiciliaries is taxable unless expressly exempt. [G.L. c. 59, §§ 2 & 18]. Exemptions are usually based on (1) ownership, (2) type of property, or (3) use of property. The following chart summarizes the personal property that is taxable and must be listed in the return. If you have any questions about the taxable status of your personal property, please contact your board of assessors.

A. INDIVIDUALS, PARTNERSHIPS, ASSOCIATIONS, TRUSTS, and LIMITED LIABILITY COMPANIES filing for federal income tax purposes as individuals, partnerships, or disregarded entities; and other non-corporate entities.	All tangible personal property requested in the schedules that follow. Individuals are entitled to exemption for (1) household furniture and effects at their domicile, (2) farm utensils, (3) tools of a mechanic's trade, and (4) boats, fishing gear and nets up to a value of \$10,000 owned and actually used in the individual's business if engaged exclusively in commercial fishing. [G.L. c. 59, § 5, cl. 20].
B. BUSINESS CORPORATIONS as defined in G.L. c. 63, § 30 and taxable under G.L. c. 63, § 39, including Massachusetts and out-of-state corporations treated as such for federal income tax purposes and LIMITED LIABILITY COMPANIES and other unincorporated entities treated as corporations for federal income tax purposes. Does NOT include corporations or entities treated as corporations for federal income tax purposes described in C & D below.	Poles, underground conduits, wires and pipes. All "machinery used in the conduct of business" <u>except</u> machines that are (1) stock in trade, or (2) used directly in dry cleaning or laundering processes, to refrigerate goods or air condition premises, or in purchasing, selling, accounting or administrative functions. [G.L. c. 59, § 5, cl. 16(2)].
C. MANUFACTURING CORPORATIONS and LIMITED LIABILITY COMPANIES and other unincorporated entities treated as corporations for federal income tax purposes that are manufacturers as defined by G.L. c. 63, § 42B and classified as "manufacturing" by the Department of Revenue under G.L. c. 58, § 2 after application. See State Tax Form 355Q.	Poles, underground conduits, wires and pipes. All tangible personal property used in the manufacture or generation of electricity <u>except</u> property that (1) is a cogeneration facility of 30 megawatts or less in capacity, or (2) was exempt due to a manufacturing classification effective on or before January 1, 1996. [G.L. c. 59, § 5, cl. 16(3)].
D. FINANCIAL INSTITUTIONS that are CORPORATIONS, or LIMITED LIABILITY COMPANIES or other unincorporated entities treated as corporations for federal income tax purposes, and taxable as financial institutions under G.L. c. 63, INSURANCE COMPANIES that are CORPORATIONS, or LIMITED LIABILITY COMPANIES or other unincorporated entities treated as corporations for federal income tax purposes, and taxable as insurance companies under G.L. c. 63, §§ 20 or 23 (if state of incorporation or principal place of business if incorporated in foreign country exempts similar tangible personal property of Massachusetts insurance companies) and CORPORATIONS taxable under G.L. c. 63, § 58.	Poles, underground conduits, wires and pipes. Machinery used in manufacture, or in supplying or distributing water. [G.L. c. 59, § 5, cl. 16(1)].
E. OUT-OF-STATE INSURANCE CORPORATIONS if the state of incorporation or principal place of business if incorporated in a foreign country does not exempt tangible personal property of Massachusetts insurance companies.	All tangible personal property requested in the schedules that follow. [G.L. c. 59, § 5, cl. 16(1)].

## 4. INSTRUCTIONS FOR COMPLETING SCHEDULES

List all items of taxable personal property owned or held on January 1 in the appropriate schedules that follow, including items in your physical possession on that date under a lease, consignment, license, mortgage, pledge or other arrangement. You must also list all real property owned in the city or town on January 1. For your return to be considered complete, all information specified in the schedules except the "Estimated Market Value" must be provided and all copies of leases, consignments, etc., for any property in your possession under such arrangements must be attached. Construction work in progress (CWIP) and property no longer in service but not yet removed is taxable and must be separately listed as such, as shown in the tables. The board of assessors may require that this list be filed electronically.

### A. POLES, UNDERGROUND CONDUITS, WIRES AND PIPES.

B. **MACHINERY.** Includes manufacturing and generating machinery and equipment (turbines, engines, etc.), construction machinery, copying and reproduction equipment, automated data and word processing equipment, appliances (freezers, refrigerators, air conditioners, etc.), electronics (televisions, microwaves, etc.) and any other machines and mechanical devices.

C. **TOOLS AND EQUIPMENT.** Includes trade, business, or professional tools and equipment, including restaurant, laboratory and medical equipment, not listed as machinery.

D. **BUSINESS FURNITURE AND FIXTURES.** Includes business, professional, commercial or service fittings and furnishings (desks, tables, cabinets, display cases), rugs, floor coverings and draperies, lamps, specialized lease-hold improvements (restaurant fittings, modular walls, etc.), works of art and decorations, books and professional libraries and all other fittings and effects.

E. **MERCHANDISE.** Includes goods, wares, or stock in trade in any store or other place of sale, in any warehouse or other place of storage, out on lease or consignment, etc.

F. **UNREGISTERED MOTOR VEHICLES AND TRAILERS.** Includes motor vehicles not carrying Massachusetts registration plates under G.L. c. 90, unregistered agricultural (except those subject to the farm excise under G.L. c. 59, § 8A) and industrial tractors, trailers, snowmobiles, motorized golf carts and all other unregistered vehicles.

G. **ANIMALS.** Includes: (1) mules and horses one year or older, (2) neat cattle (cows, yearlings, bulls, steers, heifers, etc.) one to three years old and not held for the owner's personal consumption, (3) neat cattle three years or older, (4) swine, sheep and goats six months or older, (5) domestic fowl (chickens, ducks, geese, turkey), and (6) all other domestic animals, wildlife and gamefish (mink, fox, etc.) not subject to the farm excise under G.L. c. 59, § 8A.

H. **FOREST PRODUCTS.** Includes forest products severed from the soil such as cordwood, timber, Christmas trees and other forest products not subject to the classified forest products tax under G.L. c. 61.

I. **OTHER TAXABLE PERSONAL PROPERTY.** Includes all other tangible personal property not specifically exempt from taxation.

J. **REAL PROPERTY.** Includes all real property owned in the city or town on January 1.